

Earnings increase 43%

Second-quarter earnings up; sales increase 58%

Once again Compaq has reported strong financial results, ending the second quarter with a 43% jump in earnings. Net income for the quarter ending June 30 rose to \$84 million, compared with \$59 million for the second quarter 1988.

Sales were \$722 million, a 58% increase over \$457 million in second quarter 1988.

The increase in net income includes a \$6 million after-tax effect of a non-recurring gain. Earnings per share on a fully diluted basis rose to \$1.95, compared with fully diluted earnings of \$1.45 per share in second quarter of 1988.

For the first six months of 1989, net income was \$167 million, or \$3.89 per share on a fully diluted basis. This compares with net income of \$105 million, or \$2.66 per share, in the first six months of 1988.

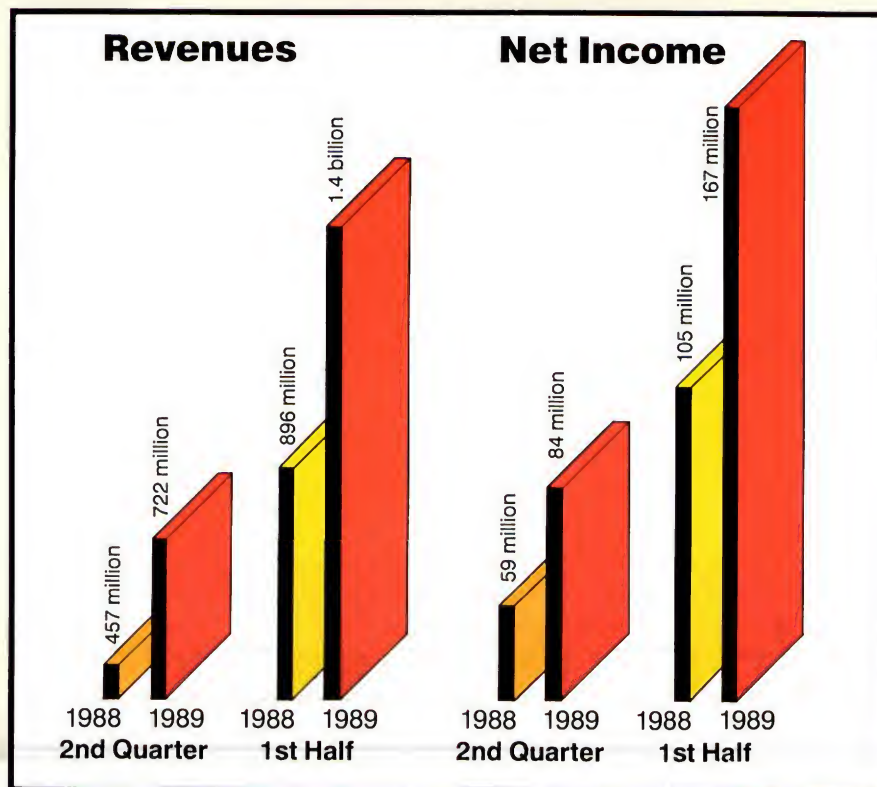
Sales for the six-month period

were \$1.4 billion, compared with \$896 million during the corresponding period last year.

"Worldwide demand for our two recently introduced desktops, the COMPAQ DESKPRO 386/33 and the COMPAQ DESKPRO 286e, as well as continuing strong sales of the COMPAQ SLT/286 laptop and 386 desktop line gave Compaq another outstanding quarter," said President Rod Canion. "International sales were once again an important contributor to the quarter's revenue, accounting for 44% of total sales."

The company's share of Europe's seven largest personal computer markets grew during first quarter 1989 to 10.2%, making it the second largest supplier of PCs to the European business market.

Sales outside North America contributed 39% of 1988 revenue and 46% of first quarter 1989.



Belgian industry magazine spotlights company

Subscribers to the Belgian trade journal "PC Micro Magazine" got quite a surprise in a recent issue. Not only did this periodical mark the second use of the publication's new, slicker format, it marked the first time "PC Micro Magazine" devoted its entire issue to just one company. Which company? Compaq, of course.

"This was the first time the publishers even considered devoting an entire issue to one company," acknowledged George Homs, Communications Manager for Compaq Belgium. "They proposed the project to us because we know them well and because we had a good working relationship. But primarily, they wanted to

spotlight Compaq because they consider COMPAQ the brand to follow. They wanted to associate their publication with the strongest brand on the market."

The special edition looks like many trade publications — featuring colorful advertisements and a wide variety of topics. All the advertisements were either inserted by

Compaq or by Compaq Authorized Dealers with SALESFAQ funds. "We decided on the advertising rates," notes Homs. "They were about twice as much as the magazine's regular monthly rates, but the publication sold about 40,000 copies — about five times its normal circulation — so it was a good deal."

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WEEKDAY PICNIC



Joe Piper, Compaq Mechanical Quality Engineer with the Materials Analysis Group, took advantage of the sunny Houston climate recently and had a picnic beneath the trees on the main campus with his wife, Myrna, and children, Meagan, 2, and Jason, 5.

Computer donation displays Compaq class

Compaq is going back to school in a big way. The Compaq Computer Foundation will donate more than \$2 million worth of new COMPAQ personal computer systems to Houston's largest school system, Houston Independent School District (HISD). The announcement marks the Foundation's largest charitable contribution to date.

At a presentation held June 28, James M. Eckhart, Senior Vice President of Human Resources and Public Affairs, who also serves as President of Compaq Computer Foundation, said the donation re-

flects the company's efforts to improve the quality of life in the Houston area where more than 5,000 of its employees live.

"Computer technology as it now exists is a wonderful tool to employ in the teaching process," said Eckhart. "And, since Houston is our hometown, we can bring this exciting technology to thousands of children in our own backyard."

The computer systems — which have been designated for use in the school district's classrooms — will be delivered on a timetable

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Seminar in Spain draws enthusiastic response

When Compaq Spain teamed up with the Association for Progress of Management (APD) to sponsor a conference on connectivity, the results were impressive.

The Professional Day on Connectivity, titled "LAN89," sponsored by Compaq Spain and APD, attracted 320 business people (including about 20 journalists). The gathering listened to computer industry specialists discuss recent developments in connectivity and local area networks — methods by which business people share data among minicomputers, mainframes and microcomputer networks. According to Bruno Jeanroy, Marketing Manager of the Madrid office of Compaq, only 100 people had been expected to attend the June seminar.

"APD organizes about 200 events each year, but not all of them gain the same public acceptance," notes Isabel Aguilera, Com-

munications and Dealer Marketing Manager at Compaq.

By cooperating in the development of this seminar, Compaq Spain has successfully increased brand awareness of COMPAQ personal computers in Spain and expanded the number of business people interested in the company and its products, says Jose Manuel Millan, Large Accounts Manager.

Special Speakers

Attendees heard the comments of Jim D'Arezzo, Vice President of International Marketing Operations for Compaq; Friedrich Gensewich, Director of International Marketing for Novell, Inc., a network systems software company; Francisco Frances, a consultant with the accounting firm of Arthur Andersen; and Luis Carrera, General Manager of Compaq Spain.

APD is a non-profit private association of companies representing

a cross-section of industry in Spain. Together, the companies in APD represent more than 80% of the country's gross national product. The organization's goal is to train and inform representatives from all Spanish businesses on significant industry issues, projects and trends.

Compaq Spain and APD cooperatively staged "LAN89" to acquaint members of the local business community with recent developments in connectivity — an issue of great interest to Spanish companies and to firms worldwide. According to Millan, the conference also offered Compaq the opportunity to alert Spanish companies to the role Compaq and COMPAQ personal computers can play in developing communication networks, and in offering guidance on connectivity questions.

Although questions are expected after most business functions, Aguilera reports that the

question-and-answer period after the connectivity presentation extended an hour past the scheduled end of the conference. Questions were asked on subjects ranging from the features of COMPAQ PCs best suited to connectivity environments to EISA and other general computer systems information issues.

Further Plans

Building on the success of this seminar, Compaq Spain is planning two additional one-day programs under the logo "LAN89." A seminar on the connectivity issue is planned for either late September or early October in Barcelona, and a seminar on EISA is scheduled in Madrid later this fall.

The "LAN89" project will culminate with a specialized trade fair September 19-22. The fair is expected to include the participation of more than 40 exhibitors.

COMPAQ products help two win awards

Companies honored at ceremony

Out of 10 Computerworld Smithsonian Awards given recently, two were won by companies nominated by Compaq.

In the Energy, Natural Resources and Agriculture category, Sierra/Misco Inc. was awarded a prize for the Passaic River Basin Flood Warning System. The system is a coalition of organizations tied by a local area network to form a massive early-warning system, reducing the flood alert time from six hours to two hours.

It uses satellite, radio and telecommunications to link 11 COMPAQ DESKPRO 286 microcomputers in three states. The system is so innovative that when lightning struck and knocked out a computer, a backup system miles away took over the job before officials even realized why the alarm was sounding.

The award for Medicine and Health Care went to L.C. Technologies Inc. for the company's Eyegaze System. This system — which is operated on COMPAQ computers — allows individuals to "type" with their eyes by looking at appropriate keys. They can also print typed text and vocalize via speech synthesis.

The Eyegaze Computer also allows disabled persons to operate a television, VCR, light switches and appliances.

The first annual Computerworld Smithsonian Awards ceremony was held in New York City. Other categories included Business, Education, Finance, Government, Manufacturing, Media, Transportation and Wholesale and Retail Sales.

The awards recognize heroes who are pioneering computer usage for the benefit of mankind. One awards ceremony official called the honor "the Nobel prize of the technology industry."

"Technology is a powerful tool, spawning rapid change and leaving an indelible mark across all sectors of society," said Roger G. Kennedy, Director of the Smithsonian's National Museum of American History in Washington, D.C. "Those who wield this tool are heroes whose work should be publicly honored."

Nominations were made by the Chairmen's Committee, a consortium of 40 industry leaders including Compaq Chairman Benjamin Rosen. The awards marked the first time in the history of the industry that positive uses of information technology have been honored.

An exhibit showcasing award winners will open at the Smithsonian's Information Technology Exhibit in 1990. Winners will be permanently listed in the museum.

Belgian magazine spotlights Compaq

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The magazine, which is published monthly in separate French and Flemish versions, featured in-depth articles on the history of Compaq and its growth in the U.S. and Europe. Feature articles spotlighted such products as the COMPAQ SLT/286 laptop and industry issues like the competition between Extended Industry Standard Architecture (EISA) and IBM's proprietary Micro Channel Architecture. The magazine also charted the growth of Compaq in Belgium and featured "user stories" of Belgian companies and individuals who use COMPAQ personal computers in their work places.

Members of the magazine's editorial staff wrote the articles in cooperation with Belgian Compaq employees. "We worked together on the structure and subjects for all the articles," remembers Homs. "And we arranged for the editors to interview Zelimir Ilic, Managing Director Europe International; and Jim D'Arezzo, Vice President of International Marketing Operations. We read drafts of all the articles for factual errors."

According to Homs, sub-

scribers and other readers responded favorably to the special issue. Many Compaq Authorized Dealers reported increased business from new customers who said they had read the publication.

"Our aim was not to 'sell,' but to increase Compaq awareness in a dramatic way," he says. "The fact that new customers mentioned us to dealers proves that we were successful in that respect. It was a selective operation which increased our reputation impressively. It probably contributed to the substantial increase in awareness Compaq Belgium has scored over the past 12 months among large accounts, which were our prime targets."

So, with all that success, will there be a second special Compaq issue?

"It's unlikely that we would agree to a repetition of this special publication any time soon," notes Homs. "We believe in constantly looking for alternative and original ways to increase awareness of Compaq in Belgium. Repetition is a bit boring and smacks of 'deja vu.'"

Whatever the next big project, Homs promises, it will probably be another surprise.

Distribution center will reach new heights



The new distribution center will be complete in early 1990.

The massive framework rising in a corner of the Compaq main campus in Houston is an effort to use both time and Compaq land more efficiently. The company's

new distribution facility under construction behind CCM5 will be twice as tall as the existing distribution center but will occupy about the same square footage.

Storage space in the existing distribution center, housed in CCM5, is 24 feet high. The new center, set for completion in early 1990, will have storage space 46 feet in height. Both buildings occupy 160,000 square feet of land.

"We're getting a lot more storage space for the same square footage," says Richard Bills, Facilities. "Basically, we're building up instead of out." He adds that building a taller facility instead of increasing the floor space will enable forklifts to make short trips from rack to rack when moving products, thereby saving time.

Because Compaq products and materials will be stored on very tall warehouse racks, Bills explains that special "highbay" forklifts will be used in the new building. The highbay forklift can extend beyond 40 feet, whereas the regular forklift reaches between 16 and 18 feet.

The highbay forklift has a high center of gravity, so a special "superflat" floor is required for added safety. The process used to produce

this special floor is much more precise, Bills says, than that used to produce a regular floor.

The majority of the new space will be used to store finished goods until they are sent to Authorized Dealers. A small portion of the facility will be used to house raw materials until they are sent to Compaq manufacturing facilities.

Besides the storage area, the center will have three levels of space at the rear of the building. The ground floor will be used for truck docks and receiving, the next to house sorting equipment and operations, and the top level will be used as offices and break areas.

The building will be connected to CCM6 by a materials spine and to Parking Garage 7 and mechanical laboratory by a spine designed for personnel. The existing distribution facility in CCM5 will be converted to a printed circuit board shop when Compaq Center Distribution (CCD) comes on line.

Compaq shuttle bus survey results roll in

Riders of the shuttle buses that wind their way through the Houston campus of Compaq will soon be able to see the results of recommendations made in a recent survey.

The survey highlighted many positives — and a few negatives — associated with shuttle-riding between various buildings on the Houston campus.

"There were very few negative comments," said Sandra Landry, a member of the Vehicle Management team involved in the survey effort. "Even when a rider had a criticism to make, there was always a positive comment along with the complaint. We were very pleased with the results of the survey, and we're acting on many of the suggestions immediately."

According to Landry, many employees requested more frequent trips, noting that even two-minute waits per stop seem like an eternity when they were running late for meetings. As a result, said Rich Niermeyer, Manager of Administrative Services, the number of trips made by the two alternating buses has been increased from eight to 10 per hour. "We've eliminated the two-minute wait period in favor of a more frequent schedule," he explained.

Riders also requested that shuttle radios be tuned to "light" music stations, and cited the need for benches, trash receptacles and schedule information at each of the stops.

"We have already asked Facilities to install benches at the stops,"

said Landry. "If the areas are not already covered, seating will be protected, in case of bad weather. We will be adding trash cans to the stops, and are looking at weather-proof ways to post the shuttle schedule at each stop. And, the drivers will be tuning their radios to more relaxing radio stations."

Although some form of shuttle service has been in operation for more than a year, the survey proposed to identify customer needs and expectations that were not being met.

In April, the most recent month for which information has been tabulated, a total of 9,775 passengers rode the shuttles — nearly 500 passengers per day. Of these passengers, monitored daily by the four drivers, most (2,759) were stopping at the CCM3/Garage 5 stop. The stop receiving the next greatest volume of business was CCA1, with 1,612 passengers. Number 3 was CCM6/Garage 8 with 1,379 passengers.

"Traffic on the shuttle has picked up in the months since those figures were released," noted Landry. "We anticipate that ridership numbers will increase still further when CCA7 and CCA8 open this summer."

Niermeyer pointed out that the move of employees to the two new eight-story buildings could also slightly depress ridership figures. "If enough employees are moved from CCA1, CCA2 and CCA3 to the new west campus buildings, those employees may have fewer trips to make to the east campus and be



Compaq Houston employees had a chance to air their opinions about the shuttle bus service provided on the main campus in a recent survey. Several suggestions have already been implemented, including more frequent trips and benches at the stops.

more likely to use the spines to travel to their meetings on the west campus," he explained. "We won't know until after the move."

If the number of passengers using the shuttles increases substantially following the opening of CCA7 and 8, Niermeyer expects the shuttle service to expand to handle increased traffic. "We might add another bus, or increase the trips per hour made by our existing buses," he reflected. "We'll have to see what's needed."

Among the survey responses that cannot be incorporated into the shuttle service were requests to bring large packages, food and soft

drinks on the buses. "For the safety and comfort of all our passengers, we have to insist that no food items or large parcels be transported on the buses," noted Landry.

One group of riders also requested that phones be installed on all buses, to ensure that passengers could keep up with company activity on the buses. "Since it's only a six-minute ride, we didn't think phones would be that valuable," says Niermeyer. "So we won't be installing phones on the buses."

Suggestions for improvement of the Compaq shuttle service that do not include phones should be directed to Landry at 374-8738.

Summer intern program offers benefits

As the Compaq workforce continues to grow, so does the need for recruiting the brightest minds in the United States and around the world.

To enhance its university recruitment efforts, the company is expanding its summer intern and co-op program to promote improved recruiting and university relations — in addition to the program's primary focus of offering students valuable work experience.

"The interns not only make a contribution to the work force, but also give us an opportunity to screen prospective employees," says Roger Rodriguez, Corporate Employment Representative for University Relations.

The program is growing, with over 120 summer interns working at Compaq in Houston this summer. Last summer, there were 71. They work in all areas of the company, including control, engineering, marketing and operations.

The summer intern program is different from the summer hire program, which enables relatives of company employees to work for Compaq without many prerequisites. The intern program has specific guidelines. The intern must have completed 60 hours and have at least a 3.0 grade point average on a 4.0 scale. Interns are selected through an interview process, just as are all full-time college hires.

"We want the highest caliber student available," Rodriguez says. "These students will hit the ground running after graduation." He adds that Compaq hires interns ranging from second year college students to graduate school and doctoral candidates.

This year, over 650 students applied for the program through the Employment Department alone. Although most students who apply are Texas students, they do come

from all over the country.

Rodriguez says the company will begin to more extensively recruit out-of-state students by interviewing prospective interns at targeted college campuses in a nationwide campaign next fall.

"We want to let people know

about the program," Rodriguez says. "Also, these students will return to their college campuses where we recruit, and we'd like them to be peer champions for Compaq."

Summer interns work in quasi-professional jobs which apply to

their majors, areas where they can make the most significant contribution.

"What we want to do is give them a real-life work experience that they can take back to the classroom with them," Rodriguez says.

Profiles

Brandt Egstrom

Brandt Egstrom, a junior at the Georgia Institute of Technology, is working his second summer as an intern in the Hardware Components Group.

The Electrical Engineering major is from Houston and says he worked hard at getting an intern slot with Compaq. He made the final cut after a round of interviews.

"It's a lot of responsibility. I'm doing electrical testing for components engineering," he says. His plans? "I hope I'll be working for Compaq."

Jim Anderson

Jim Anderson, a first-year graduate student at California State University at Northridge near Los Angeles, is studying Human Factors/Psychology. He is also running various tests as a summer intern in the Systems Engineering Group. This is his first summer as a Compaq intern.

Proving contacts can help get a

job, Anderson landed the internship after the manager of his group, whom he had worked for in California, recruited him.

"I've never been to Houston before. I was really surprised to see how green it is and how nice," he says. He adds that his plans include a position with a computer company. "If I'm lucky, there will be an opening here."

Bridget Becker

A summer intern for the Systems Engineering Department, Bridget Becker has been working with the DOS Audit Test Group. This is the first year the Iowa State University senior majoring in Computer Engineering has worked for Compaq.

She got the job after she met a Compaq representative at a career fair sponsored by her school.

"I've been learning from the first day I started," she says, adding that one drawback was the drive from Iowa to Texas. She says she plans on staying in the software area of a computer company when she graduates. "Now I'm leaning toward the PC area. I didn't have

much experience in PCs before, but I've become really interested."

Jay Sport

Jay Sport, who will start his last year in the Carnegie-Mellon University Industrial Administration graduate program this fall, is working for the first time with the Information Systems Department as an intern.

Before he went to business school, Sport lived in Houston, so choosing a company to intern with this summer was easy. "Also, I wanted to work with information systems," he says. He is setting up data bases for statistical analysis of data.

"I've learned an unbelievable amount. I had to learn all the different Compaq systems before I could do my job," he says. He plans on joining a computer company or becoming a consultant when he gets his master's degree.

Karen Rose

Karen Rose is an intern working with the Sales and Marketing Department. A junior at Texas A&M University majoring in Business Analysis, which is similar to Computer Science, she is working her third summer at Compaq. For the past two summers, Rose was a summer hire. Her father works for the company. This summer she is working as a summer intern as she now meets the requirements.

She is helping her manager on various projects related to customer service. Rose says she plans to specialize in MIS — Management Information Systems — and then go on to graduate school, where she will get her Master of Business Administration degree or a Master of Science in Computer Science. During this, she says she hopes to continue working summers at Compaq.

"What I do here at work really helps me in school," she says. "It goes both ways. It helps me get excited about my schoolwork and then I can turn around and apply what I learn in the classroom to Compaq."

BELGIAN BIRTHDAY PARTY



On June 30, employees of Compaq Belgium and their spouses were surprised to discover that the celebration of their subsidiary's first anniversary could be so moving. After gathering at a park on that Friday afternoon, they boarded a restored antique tram which took them for a trip around Brussels. En route, riders challenged one another to spot the greatest number of Compaq Authorized Dealers. After the tour, the group gathered in an antique tram museum for picture-taking and a buffet dinner. It was a memorable celebration for a memorable first year in business.

Compaq develops ties with local college

Although the Houston headquarters of Compaq is located just down the road from North Harris County College (NHCC) in Tomball, the two are more than just neighbors — they're downright neighborly.

When prospective students browse through the college's course catalog, they find a note stating proudly all introductory and applications computer courses offered at the Tomball campus — either for continuing education or for credit — are taught on COMPAQ personal computers. The college's other campuses merely offer "IBM clones."

"Buying those PCs was sort of a 'happy circumstance,'" says Charles Chance, Division Head at the Tomball campus. "We use about 15 COMPAQ PCs in the Continuing Education lab and 60 in the Data Processing/Word Processing courses, and we got the best bid on COMPAQ PCs. Of course, we were delighted to get them since the company is such a presence in the Tomball area."

But the Compaq purchase is just one of the many ways in which NHCC in Tomball works with Compaq. According to Lee Murdy, Director of Corporate Training and Development for Compaq, the company has hired instructors from the local campus to provide employees with some software instruction in Lotus and DOS on the



Compaq Systems Programmer Mark Olivieri instructs student Carl Rhoads on the fine art of using WordPerfect 5.0 software while Carolyn Gasper looks on. Olivieri is teaching the WordPerfect continuing education course at North Harris County College this summer. Students are learning the software using COMPAQ personal computers. Rhoads says he is learning a lot, especially considering he had no basic computer knowledge prior to enrolling in Olivieri's course.

Compaq Houston campus. Tuition is partially paid under the Compaq Employee Education Assistance Program, but all courses are taken on the employees' time. In addition, the college is working with Compaq on developing "English as a Second Language" instruction.

"We're also involved with the Business/Industry Council — an interface between business and industry sponsored by North Harris

County College. The Council provides a meeting ground for representatives from area businesses, industry and the college, so we know what the others are doing," says Murdy.

A few Compaq employees have developed company ties to the college even further. This summer, Mark Olivieri, a Systems Programmer, is teaching a continuing education course on the use

of WordPerfect 5.0 word processing software.

"I'd never taught before," remarks Olivieri. "My wife noticed an article in the paper saying the college was looking for instructors and I thought it sounded like fun. The 15 students in my class come one day a week for three hours, and since it's a continuing education course, there are no tests and no grades."

Tom Leach, a Compaq systems engineer who develops translated versions of COMPAQ software for release internationally, recently finished teaching a for-credit course in data processing at the campus. "It was pretty interesting," he says. "Since most of the class members had never seen a computer before, it was a real challenge for me to try to approach data processing from that level."

Randy Hess, an engineer in Systems Engineering, teaches four courses a week — an introductory course as well as two more advanced courses — in the college's Continuing Education program. "I've always enjoyed teaching, so my involvement with the program has been rewarding. I plan on teaching more courses this fall."

Although none of these links were forged through formal channels, they are strong nonetheless, advancing the company's goal of first-class corporate citizenship.

Compaq Scotland says "Howdy, Y'all" on America's birthday



Employees at Compaq Scotland in Erskine like to tip their hats each year to their Houston-based parent company on the American Fourth of July holiday. And this year, the hats they tipped were of the ten-gallon variety.

While their American colleagues enjoyed a national holiday, Scotland employees celebrated

America's 213th birthday at work over a lunch of such Texas-style specialties as chicken-fried steak and pecan pie. The canteen was decorated with the red, white and blue colors of the American flag and the "Lone Star" of the Texas flag in honor of the occasion.

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Schools receive donation

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to be set by HISD. Each of the 1,000 systems donated will include a new COMPAQ DESKPRO personal computer with keyboard, monochrome monitor and operating system software. The suggested retail price for each system is \$2,273. HISD will install the computers and purchase any needed peripherals and instructional software.

"And, since Houston is our hometown, we can bring this exciting technology to thousands of children in our own backyard."

Joan Raymond, General Superintendent of HISD, acknowledged the magnitude of the gift, remarking that it was one of the most generous corporate offers to public education she had ever witnessed. She says the systems will help the school district establish computer learning cen-

ters aimed at improving writing skills in the district's 36 middle schools. Improving the education in these middle schools is among the school board's top priorities for this school year.

The Foundation was established by Compaq in late 1987 and is the company's primary vehicle for charitable giving. The donation of 1,000 computers to HISD was made possible because Compaq made a sizable donation of personal computers to the foundation last year. Each of the COMPAQ DESKPRO computers involved in the donation is powered by an 8086 microprocessor and contains two diskette drives and 256 kilobytes of random access memory.

HISD is the nation's sixth largest school district, with approximately 190,000 pupils. Because Compaq firmly believes in the importance of having the proper educational tools in the schoolroom, Foundation representatives are presently discussing similar donations with several school districts that surround the Compaq Houston main campus.

Cruise control: a view to the future

Bumper-to-bumper traffic has become common around the Compaq campus in the last year as record construction of Compaq facilities has outstripped the pace of road improvements to the surrounding area.

"The company's traffic planning, done several years ago, never could have foreseen that the number of people on the roads within the campus would be this great," says Richard Bills, Site Develop-

tion facility was changed to another manufacturing site, and the recreational field became the distribution building."

The last manufacturing space became two eight-story office buildings, which are slated for completion this summer and fall. And the buildings planned for the 740 acres recently purchased across from the main campus will add even greater numbers of motorists.

Houston Economic Development Council, the State Highway Department and Houston's Metropolitan Transit Authority to plan for the company's expected expansion.

"The Houston Economic Development Council promised mobility enhancements to make it feasible for Compaq to stay in the Houston area," explains Bills. "In order to facilitate those enhancements, FM 149 had to be redesignated. Because it wasn't a state highway, Texas highway funds couldn't be used for the needed improvements." An existing state highway was already numbered 149, so the new state highway became 249. State funds have been approved to expand the thoroughfare to eight lanes with on and off ramps and three frontage lanes on each side. But the earliest construction is expected to begin in 1993. "We're currently working with the state to see if there's anything we can do to improve our section of the freeway before that date," notes Bills.

Already, much has been done within the Compaq site to handle and plan for anticipated growth. According to Bills, a third lane has been added to the inner loop and an access road to the distribution center has been built to separate trucks from private vehicle traffic. In addition, Chasewood Drive has been extended to connect to the outer loop, offering trucks and passenger vehicles an alternate access to the outer loop.

"There used to be a traffic light at the intersection of SH 249 and the entrance to the east campus," he adds. "That's been eliminated and replaced by two lights — one at Chasewood and the other at Park River Drive — to improve traffic flow."

Construction on the area along both sides of Park River Drive between the inner loop and Louetta

will continue for the next several months. This construction is expected to improve the drive into and out of the Houston campus. Another project, due to be completed in September, is the installation of a traffic light, passing lanes and right and left-turn lanes at the intersection of Louetta and Park River drives, covered in the July issue of *Inside and Out*. Houston employees are cautioned to reduce speed and proceed cautiously through these construction areas.

"The Houston Economic Development Council promised mobility enhancements to make it feasible for Compaq to stay in the Houston area," explains Bills.

Planned for improvement in 1989 and 1990 are: an extension of Cypresswood through Jones Road and expansion of Louetta from two to four lanes between SH 249 and Jones Road and eastward. Looking into the 1990s, planned improvements include expansion of Perry Road from two to four lanes between SH 249 and FM 1960; completion of Eldridge Parkway; expansion of Grant Road and Cutten Road; and the connection of all sections of Jones Road from Louetta through FM 1960.

"We're also looking for a way to link Jones Road with the outer loop," says Bills. "We want people to have an alternate way to get into the campus on the west side. Unfortunately, this is a flood plain area and there are other problems associated with the site that complicate the tie-in with Jones Road — but we're working on it."



Construction on the Compaq Houston main campus adds to the already congested traffic, especially during morning and afternoon rush hours and shift changes. Improvements to roads on the campus and the surrounding area are expected to relieve traffic.

ment Manager and head of the Facilities Resource team entrusted with exterior improvements. "As a result, the internal roads were not built with the capacity to handle traffic flows of this magnitude."

Initially, according to Bills, the company had planned to grow with a series of small, separate campuses — similar in size and scope to the present east campus in Houston.

"By the year 2007, traffic counts along SH 249 are expected to reach 126,000, or 10 times what they were in 1978," King estimates.

"But the company's rapid expansion changed those plans," notes Bills. "In early 1986, we purchased 94 acres adjacent to the existing site and planned construction of four factories, a distribution building, four garages, a central plant, three six-story office buildings and a recreational field. As we started construction, we quickly discovered we needed more office space. We added two more floors to each office building — effectively adding a fourth six-story building to the site. The distribu-

According to figures provided by the Texas State Highway Department, traffic counts for Harris County thoroughfares surrounding the Houston campus have soared over the last 10 years. The pace shows no signs of slowing.

"In 1978, the actual traffic count for FM 149 (now State Highway 249) was 12,600 cars per hour. In 1983, that count was 16,600, and in 1988 it had more than doubled to 36,000," notes Jerry King, a traffic consultant with Walter Moore and Associates, a local engineering firm hired by Compaq.

"By 1995, we're expecting that number to nearly double again, to 65,000 cars per hour," King estimates. "And by the year 2007, traffic counts along SH 249 are expected to reach 126,000, or 10 times what they were in 1978."

"The best figures we've got indicate that we're looking at 50,000 daily trips within the Compaq campuses," adds Bills. "With the employee population of CCE, CCW and CCN estimated to reach 9,000 within five years, we expect Compaq alone to generate 29,000 daily trips — including those made by employees and visitors for lunch trips and meetings."

Members of the Facilities Resource team have been working with representatives of Harris County, the City of Houston, the



Harris County Sheriff's deputies are needed to direct traffic on the Houston campus, allowing employees to get to work with the least amount of inconvenience. Here, Lt. W.T. Sparks directs morning traffic at Park River Drive and the loop.

SEEN IN THE PRESS

COMPUTER RESELLER NEWS

May 29
(Michele Preston column)

"Compaq share of the Intel 80286/80386 market increased to 36% vs. 30%, while IBM's share declined to 36% vs. 39%. IBM and Compaq are now neck-and-neck in the high-performance personal computer market.

"Compaq share of the portable market zoomed from 43% in the fourth quarter to 55%. Compaq share of the ISA market represented more than half of that segment, at 52%. In Europe, Compaq emerged as the No. 2 supplier for the first time, surpassing Olivetti.

"We view Compaq as one of the best-positioned personal computer manufacturers to capitalize on another strong-growth year for the personal computer industry. We think Compaq momentum against the backdrop of slowdowns reported by other minicomputer and mainframe vendors is further evidence of the shift in office automation to desktop computing."

FORTUNE

June 5

"What part of the world boasts the hottest market for personal computers? If you guessed the U.S. — and admit it, most of you did — you guessed wrong. The correct answer is Western Europe.

"That's right, Europe. Gone is the mood of a few years back when French, German and British executives phlegmatically held on to their wallets while PC fever swept America. 'Now the Europeans are buying like crazy,' marvels Bill Kirwin, an analyst with Gartner Group, a Connecticut-based consulting firm. Spurred mainly by the bustle to get ready for an integrated European market in 1992, sales of PCs used in business — as distinguished from cheap word processors or game-playing machines — climbed 25% in Europe last year, compared with 21% in the U.S. and 18% in Asia.

"While many forecasters see growth slowing in the U.S., most think sales will remain robust across the Atlantic. Vittorio Cassoni, group managing director of Italian computer maker Olivetti, expects PC sales in Europe to rise by slightly less than 20% a year through 1992 — nearly double the U.S. rate. According to Dataquest/IE, the Paris arm of the San Jose market research firm, Western Europe's annual sales could surpass America's by the mid-1990s — a first in any segment of the \$230 billion-a-year worldwide computer market.

"If this is beginning to sound like another sad tale of lost American leadership, hold on. Five of the top seven PC sellers in Europe last year were American. Should Europe emerge as the world's biggest PC market, the suppliers are bound to have a distinctly red-white-and-blue hue.

"Though almost every major U.S. PC maker prospered in Europe last year, Compaq Computer of Houston went off the charts. Sales rose 151% to \$734 million, and in the pre-Christmas rush the company had to charter three cargo jets to bring parts from Texas because it couldn't book enough space on commercial flights."

BUSINESS WEEK

June 26

"The Compaq process — a sort of endlessly introspective consensus-management system — has kept the company's core management team intact and in charge . . .

"To ensure that ideas are thoroughly discussed, (Rod) Canion will take one side and (Mike) Swavely or (Gary) Stimac another. The point is to keep the discussion honest, so that the group chooses the best idea — not just the one backed by the highest ranking executive in the room. In theory, there are no winners or losers, only contributors. 'We have to leave our egos at the door,' says Swavely. 'But we can put any question on the table without fear of being wrong.'

"The team may wind up tossing around an idea for months. During that time, Compaq will canvass its top dealers and software developers to see if a proposal will fly. Once a project gets the go-ahead or the ax, everyone is expected to fall in line. 'Above all, we want team players, not individualists,' says Canion."

FINANCIAL TIMES

June 8

"Chief executives of some of the largest U.S. computer manufacturers are planning a powerful joint lobbying effort in Washington to influence U.S. trade and industrial competitiveness policy, focusing primarily upon the escalating battle with Japan.

"They are expected to take a more moderate stance on Japanese trade issues than that supported by existing industry groups and to strongly oppose protectionism.

"The group is also expected to encourage a broader view of U.S. competitiveness problems, concentrating on underlying social and economic issues such as education and the cost of capital, rather than proposing direct government intervention.

"It could have a significant moderating influence in several areas of U.S. trade policy toward Japan, balancing the hard-line opinions of U.S. semiconductor manufacturers whose views have so far been most widely heard in Washington."

SCOTTISH DAILY EXPRESS

May 31

"An American computer giant yesterday announced a 25-million pound (nearly \$38 million) expansion program for its Silicon Glen plant (in Erskine, Scotland). The company, Compaq, plans almost to double the work force at its Erskine factory near Glasgow with the creation of 450 jobs.

"The expansion follows a 'huge surge' in demand for the company's personal computers. Compaq has now climbed to second place in business PC sales."

PC WORLD

July

"Old myths die hard. While small businesses crank away at the low end of the technology curve, adopting computer solutions that are nearly obsolete, big businesses aggressively seek the latest and greatest in next-generation products — sometimes even before their time. New technology represents such a boon to big businesses that they willingly suffer the added cost and effort needed to support it. Meanwhile, penny-pinching small businesses can't afford to take the chance that high tech will pay off, so they don't. Or so we say.

"The truth, of course, belies the clichés. According to a recent survey conducted by the MIS publication Datamation, an astounding 64% of PCs in surveyed companies with 50 or fewer employees were connected by a LAN, compared with 32% in companies with 5,000 or more employees. Similarly, in a recent PC World study, 41% of all readers who used 386-based systems worked in companies with 100 or fewer employees, compared with only 25% in the largest organizations — those with 5,000 or more workers."

PC MAGAZINE

July

(Review by Bruce Brown)

"We waited a long time for this machine, but the wait was worth it. When Compaq designed the COMPAQ SLT/286, it did just about everything right, and even

better, the company priced it on a par with its competitors. The VGA screen is a knockout and combined with its various other merits — very good to excellent benchmark-test performance, intelligent battery conservation, a raft of expansion possibilities, and top-flight case and component design — it makes the Compaq laptop an obvious winner both on the road and quite possibly on your desk as well . . . If you're just shopping for a laptop and want to spoil yourself with the best screen you can buy, go Compaq."

COMPUTER-WORLD

June 12

"The blistering pace of personal computer/workstation technology is overtaking minicomputers and mainframes in the engineering market.

"In fact, performance boosts at the lowest sector of the hardware market have not only catapulted the number of PC computer-aided design, manufacturing and engineering (CAD/CAM/CAE) platforms past the number of Unix workstations and host-system platforms but also have locked up the computer-aided architectural design market.

"The Intel Corp. processor performance improvements are growing more apparent as such PC vendors as Compaq now pitch their systems in what was once the Unix workstation domain. In fact, Compaq, which made its mark trying to outperform and underbid IBM in the office environment, now claims that CAD systems account for 25% of its sales . . .

"The real battle for the CAD/CAM platform of choice over the next two years is definitely between PCs and workstations," said Lee Wylie, Vice President of computer-integrated manufacturing research at Gartner Group, a market research firm based in Stamford, Conn."

Wanted: great ideas

Have some great story ideas for *Inside & Out*, the employee newsletter? We want to know. And now there's an easy way to send information.

An *Inside & Out* suggestion box is on the Banyan electronic information and communications network. So send your ideas, comments and any other information to Inside-Out.Suggestion@CorpRel@MktHou.

Compaq Scotland says

continued from page 5

"Hoedown" dancers performed their twirls to country and western music while Compaq Scotland employees enjoyed the fun.

This is the second year the Scotland facility has observed the American Fourth of July holiday. Last year, employees re-

ceived Texas-style bandannas as gifts. This year, each received a cowboy hat bearing the inscription "Howdy Y'all."

"We never forget that our parent company is American," says Anne Gillespie of Compaq Scotland. "We certainly get a lot of visitors from America so it seems quite natural to recognize their national holiday."



Furry Friend

Jerri Grafagnino, Compaq IMS in Houston, realized furry friends are easy to come by when offered food, especially potato chips. Grafagnino and coworkers recently enjoyed the fair weather while having lunch outside on the Compaq main campus.

Shooting the Works

Compaq, along with Willowbrook Shopping Mall in Houston, brightened up the sky last month with an 18-minute fireworks show offered free to the public. Houston radio station KILT provided the accompanying patriotic music for the event celebrating the Fourth of July holiday. Titled "Shoot the Works," the event entertained over 50,000 Houston-area residents. A performance by the new Compaq Choir was also on the agenda. This is the second year Compaq has teamed up with the shopping center to provide the extravaganza, and organizing officials deemed the event a "great success."



Up, up and away



When Authorized Dealer Herb Ross came up with a good idea, SALESPAQ, the support plan for Authorized Dealers, not only helped the Florida MicroAge store owner buy a new advertising tool, but also helped him take up a new hobby. Weekends now find Ross, who owns two MicroAge stores in Tampa and Clearwater, floating in the breeze in his hot air balloon with the words "Compaq" and "MicroAge" emblazoned on the sides. "It's a unique way of using SALESPAQ advertising dollars," says Area Sales Manager Don Batchelor of the Orlando office. "When he flies that thing, everyone stops and stares." Ross takes his balloon to many large events held in the Tampa Bay area, including regattas and boat shows, to spread the word on both companies.

Another Compaq gain

Compaq is the only personal computer company to increase its penetration rate among Fortune 1,000 companies in each of a series of Gallup and Robinson surveys that began in 1983.

According to the independent survey, Compaq penetration of approved vendor lists reached 64% in March of this year. Compaq had penetrated 58% of approved vendor lists in the previous survey conducted in April, 1988. In the four earlier surveys, Compaq was at 7% (Nov., '83), 22% (Nov., '84), 37% (Nov., '85) and 51% (March, '87).

Only IBM had a higher penetration than the 64% by Compaq.

However, the survey showed a drop from 94% IBM penetration in April, '88, to 82% in March, '89. The survey indicates that IBM penetration either dropped or remained flat for each of the last five reporting periods.

The 64% Compaq penetration doubled Toshiba, which appeared on 32% of approved vendor lists. Zenith registered 25%, Apple 19%.

The survey is conducted by telephone interview with Fortune 1,000 sites. A sample of 200 respondents is chosen, one-third from corporate headquarters and two-thirds from divisions and subsidiaries.

Noted with regret

Mike Hamilton, Compaq Sr. Quality Engineer, died June 30. He worked for the company for one year in the Quality Assurance Department located at CCM1 in Houston.

Dina Lyn Rowland died recently. She was hired in May to work in the company's Seattle office as a regional sales secretary. She is survived by two children.

David Marsh, Program Manager, Facilities and Operations for Audio-Visual Services, passed away

July 29. He joined Compaq in October 1984 as a member of the corporate audio-visual group.

Mattina Becker, 27, died last month in West Germany, where she worked as a Compaq warehouse worker in the distribution center. She had been with the company two weeks.

Alain Rabinaud, 25, Compaq warehouse keeper, died last month. He lived near Paris and is survived by his wife and 4-month-old daughter.

COMPAQ

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